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April 10, 2006

Ms. Johnnie Burton, Director  
Minerals Management Service  
1849 C Street, N. W.  
Washington, DC 20240

Re: Draft Proposed Program for OCS Oil and Gas Leasing 2007-2012

Dear Ms. Burton:

Thank you for the opportunity to provide the State of Alaska's comments on the Draft Proposed Program (DPP) for Outer Continental Shelf (OCS) Oil and Gas Leasing 2007 - 2012, released by the Minerals Management Service (MMS) on February 8, 2006. I understand that the comments you receive during this comment period will advise you as you prepare the Proposed Five Year Program and Draft Environmental Impact Statement, estimated to be released for public comment this summer.

As I have stated in the past, federal waters offshore Alaska could play a significant role in meeting future U.S. energy supply needs. The Alaska OCS can satisfy many of the objectives of the upcoming leasing program. In particular, the Alaska OCS can contribute to increasing domestic natural gas supplies, diversifying the nation's oil and gas supply basins, and providing supply sources near west coast markets.

In addition to supporting OCS oil and gas leasing, I continue to support changes to federal law to provide states and coastal communities with a fair percentage of direct revenues from royalties, bonus bids, and rental fees derived from all OCS activities off their coast, not just those generated within three to six miles from the coast.

I support the proposed leasing programs in the Beaufort and Chukchi Seas contained in the DPP. I encourage the MMS and oil and gas companies to continue to work closely with the North Slope Borough, whaling representatives, and other Native communities in the region to ensure that oil and gas activities are conducted in a manner to minimize conflicts with

subsistence activities. Subsistence whaling is an integral part of the North Slope culture and must be respected and protected.

I support the DPP's Option 1 for the Cook Inlet planning area. I believe that the program should include at least two possible sales within this area. I understand and support the reasons for moving to special interest sales in this area. I am optimistic that industry interest will be demonstrated to justify holding these sales in 2009 and 2011. Similarly, I recommend that you amend the DPP to include special interest sales for the Hope Basin and Norton Basin. Special interest sales within both these planning areas are included in the 2002 - 2007 program, but are excluded from the 2007 - 2012 DPP. The dynamic nature of the oil and gas industry in Alaska evidenced today could produce industry interest in these remote basins within the time frame of the 2007 - 2012 program.

The OCS North Aleutian Basin planning area is currently subject to a Presidential Withdrawal from leasing through June 30, 2012. The State of Alaska, with tremendous support from local communities, Native corporations and other local organizations, held a successful oil and gas lease sale on the Alaska Peninsula on October 26, 2005. There is clearly industry interest in exploring this region for oil and gas, and the North Aleutian OCS contains significant resource potential.

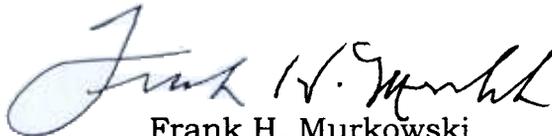
The residents of Bristol Bay and the Alaska Peninsula are heavily dependent upon the fish and wildlife resources found in the region. Any oil and gas activity in the region must minimize conflicts with fishing activities, minimize negative impacts to fish and wildlife resources, and must be done with significant stakeholder consultation.

In my comments to you in October 2005 regarding the North Aleutian Basin planning area, I stated, "I hope that public and industry input will provide the Secretary and the state with adequate information to decide whether or not to ask the President to lift the current withdrawal and allow a sale during the 2007 - 2012 program." Based upon the comments I have reviewed from the local communities and organizations, I believe that there is widespread local support for leasing in the North Aleutian Basin planning area. The local support for leasing, however, is directed primarily to the portion of the planning area that was included in Lease Sale 92, held in 1985. This area is located a good distance away from the Bristol Bay fisheries, which are the subject of much of the local concern. I understand that industry interest is also focused on the Lease Sale 92 portion of the planning area.

Therefore, I recommend that lease sales in the North Aleutian Basin planning area be included in the Proposed Five Year Program, but that in order to minimize potential impacts to the region's fisheries, the lease sales should be limited to the Sale 92 portion of the North Aleutian Basin. Limiting the sales included in the proposed program to the Sale 92 area will provide a more accurate depiction of the portion of the planning area under consideration. Conditioned upon the lease sales being limited to the Lease Sale 92 area, I request that the President lift the withdrawal of the North Aleutian Basin planning area from the leasing program, and allow the scheduling of lease sales in the Sale 92 area in the 2007 - 2012 program.

This concludes the State of Alaska's comments on the DPP. I appreciate the opportunity to provide the state's comments, and look forward to the opportunity to review and provide comments on the Proposed Five Year Program.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Frank H. Murkowski".

Frank H. Murkowski  
Governor

Enclosures

cc: John Goll, Regional Director, Minerals Management Service, Alaska OCS  
Region

Renee Orr, Five Year Program Manager, Minerals Management Service

Mike Nizich, Deputy Chief of Staff, Alaska Office of the Governor

John Katz, Director, Alaska Office of the Governor, Washington, D.C.

McKie Campbell, Commissioner, Alaska Department of Fish and Game

Kurt Fredriksson, Commissioner, Alaska Department of Environmental  
Conservation

Mike Menge, Commissioner, Alaska Department of Natural Resources

Randy Bates, Director, Alaska Department of Natural Resources, Office  
of Project Management and Permitting

Patrick Galvin, Alaska Department of Natural Resources, Division of Oil  
and Gas, Petroleum Land Manager